NOTICE OF FUNDED STATUS OF PENSION PLAN

November 2009

TO: PARTICIPANTS, BENEFICIARIES, CONTRIBUTING EMPLOYERS AND LOCAL UNION NOS. 27, 36, 40, 49, 81, 95 AND 220 OF THE UNITED UNION OF ROOFERS, WATERPROOFERS AND ALLIED WORKERS, AFL-CIO

BACKGROUND

This notice contains important information about the Pacific Coast Roofer Pension Plan (E.I.N. 94-6051377, Plan No. 001). Based on funding criteria set forth in the Internal Revenue Code, multiemployer pension plans are required – beginning with the 2008 plan year – to be certified by their actuaries as being in one of three funded status zones:

- Neither Endangered nor Critical (unofficially called the “Green Zone”)
- Endangered (unofficially called the “Yellow Zone”)
- Critical (unofficially called the “Red Zone”)

While trustees of Green Zone plans must continue to exercise diligence to protect the funded position of their plans, the law does not require them to take any specific actions or adopt particular programs to maintain or improve plan funding. On the other hand, trustees of plans that are not in the Green Zone must take specific actions spelled out in the law, including the adoption of a “funding improvement plan” for plans in endangered status or a “rehabilitation plan” for plans in critical status that are designed to restore the plans to Green Zone status over a period of time. For example, a plan in critical status may reduce or eliminate adjustable benefits, collect an employer surcharge, or require the bargaining parties to negotiate for additional employer contributions.

Recognizing that the value of the assets, and therefore the funding, of almost all pension plans has declined due to the impact of the current economic crisis, Congress passed the Worker, Retiree and Employer Recovery Act of 2008 (WRERA). The law allows multiemployer plan trustees take more time to come up with a plan of action for dealing with these issues by giving them the option to keep their plan in its 2008 plan year’s zone status for one more year, – regardless of the plan’s actual funded status for the 2009 plan year.

2008 PLAN YEAR CERTIFICATION

The Plan’s actuary certified the Plan’s zone status for the August 1, 2008 through July 31, 2009 plan year to be neither endangered nor critical (“Green Zone”).
2009 PLAN YEAR CERTIFICATION

For the August 1, 2009 through July 31, 2010 plan year, the Plan's actuary has certified the Plan to be in the critical status ("Red Zone") based on:

- a funding deficiency is projected in five years; and
- the present value of vested benefits for non-active participants is greater than the present value of vested benefits for active participants; and
- the normal cost plus interest on the unfunded actuarial accrued liability (unit credit basis) is greater than the contributions for the current year.

ELECTION TO CONTINUE TO USE THE 2008 PLAN YEAR ZONE CERTIFICATION

In accordance with the provisions of WRERA, the Trustees have voted to "freeze" the Plan's 2008 plan year Green Zone certification and have it apply to the 2009 plan year. Therefore, while the Trustees may take certain actions to improve the funding position of the Plan, they will not at this time reduce or eliminate adjustable benefits or collect an employer surcharge.

The freezing of the Plan's 2008 plan year Green Zone status does not extend beyond July 31, 2010. By October 29, 2010, the Plan's actuary will again certify its funded status and zone classification. If the Plan is certified to be in either endangered or critical status, within 30 days after the date of certification, you will be sent a notice similar to this one explaining the Plan's zone status and actions that the Trustees may be required to take under the law.

WHAT'S NEXT?

We understand that legally required notices like this one can create concern about the Trust's future. Be assured that the Board of Trustees takes very seriously its obligation to preserve the financial viability of the Trust. With the assistance of the Trust's actuary, legal counsel and other Plan professionals, and working with the contributing employers and the Union, the Trustees will continue to work towards strengthening the funded position of the Plan.

Since the Pension Trust is influenced by economic and financial variables beyond our control (such as market volatility and changes in employment and/or the number of contributing employers), unexpected developments can affect the Trust's status and any future corrective actions needed. The Board of Trustees is continuously monitoring and reviewing the Plan's progress with its professional advisors.

QUESTIONS?

For more information about this notice or the Trust, contact the Administration Office at the address or phone number listed at the top of this letter.

Sincerely,

Board of Trustees

As required by law, this notice is being provided to the Pension Benefit Guaranty Corporation (PBGC) and the Department of Labor.